

Supporting Statement for Cooperative Agreements
OMB Control Number 1010-0087, Expires July 31, 2000

A. Justification

1. What circumstances make this collection of information necessary?

The Secretary of the Interior is authorized by Public Law 97-451, the Federal Oil and Gas Royalty Management Act of 1982 (FOGRMA), 30 U.S.C. 1732, to enter into cooperative agreements utilizing the capabilities of States and Tribes to carry out royalty audits and related investigation and enforcement activities. Cooperative agreements benefit both the Minerals Management Service (MMS) and the State or Tribe involved by helping to ensure proper product valuation, correct and timely production reporting, and correct and timely royalty payment through the application of an aggressive and comprehensive audit program. To be considered for a cooperative agreement, States and Tribes must comply with the regulations at 30 CFR 228 by submitting a written request to the Director, MMS, and preparing a proposal detailing the work to be done. While working under a cooperative agreement, the States and Tribes must submit quarterly vouchers to claim reimbursement for the cost of eligible activities. See Attachment 1 for copies of the law and regulation cited above.

2. How, by whom, and for what purpose will the information be used?

States and Tribes wishing to do royalty audits in cooperation with MMS must submit a written request for consideration to enter into a cooperative agreement, signed by the governor, Tribal chairman, or other appropriate official. It should outline the activities to be undertaken and present evidence that the States and Tribes can meet the standards established by the Secretary for the activities to be conducted.

After the request is accepted and a cooperative agreement is in effect, the States and Tribes submit an annual work plan and budget, and quarterly reimbursement vouchers. Without providing this information, a State or Tribe could not be considered for a cooperative agreement.

3. Does the collection of information involve the use of information technology? If so, does it reduce the burden and to

what extent?

States and Tribes wishing to take advantage of electronic reporting in any phase of this information collection are encouraged to do so. We anticipate at least half of the activity conducted under this information collection to use some form of information technology.

4. Describe efforts to identify duplication. Can similar, available information be used or modified for this collection?

Each cooperative agreement is unique to that particular State or Tribe. The information collected does not duplicate that collected by any other Federal agency nor can any similar information be used or modified for this collection.

5. What is the agency doing to minimize the burden on small businesses or other small entities?

There is no impact on small businesses or other small entities. The MMS has made the process of requesting a cooperative agreement as simple as possible so that even Indian Tribes of small size and with limited resources may be considered for audit agreements. We provide telephone assistance, written guidelines, and onsite assistance for the preparation of cooperative agreements, annual work plans, and quarterly reimbursement vouchers.

6. What are the consequences to Federal program or policy activities if the collection is not conducted or is conducted less frequently? Are there technical or legal obstacles to reducing the burden?

If this collection is not conducted or is conducted less frequently, we could not administer and delegate the cooperative audit functions to individual States and Tribes as described in 30 CFR 228.

7. Explain any special circumstances requiring an information collection to be conducted in the manner described below.

a. Reporting more often than quarterly.

The information required in a request to enter into a cooperative agreement to conduct audits is not collected on a regularly scheduled basis; it is required only when a State or Tribe requests consideration for an agreement. Once a cooperative agreement request has been approved, quarterly

vouchers are required so that reimbursement may be made to the State or Tribe; also, annual work plans and budgets must be submitted.

b. Records retention for more than three years.

States and Tribes doing royalty audits under cooperative agreements are required by terms of the agreement and by the regulations at 30 U.S.C. 228.103 to maintain all records used or developed as a consequence of activities conducted under the agreement for a period specified by MMS, generally 6 years. Records must be maintained for additional periods should there be an appeal as a result of the audit. Disposition of records requires written MMS approval.

c. Submitting proprietary trade secret, or other confidential information, unless the agency can demonstrate that it can protect the information's confidentiality.

Some data obtained under cooperative agreements may be proprietary or confidential. All such data will be protected in accordance with P.L.97-451, FOGRMA, 30 U.S.C. 1733, Section 203.

8. What efforts did the agency make to consult with the public and a representative sample of respondents?

We published a Federal Register notice on December 3, 1999 (64 FR 67931 - see Attachment 2) soliciting comments on this information collection. No comments were received.

Frequent and routine contact between participating States and Tribes and our employees allow all participants to keep abreast of the most current issues involved in this cooperative program. State and Tribal personnel applying for cooperative agreements must contact us in order to complete their request. We provide assistance in the form of a package of instructions and samples to aid in the preparation of the application; in frequent telephone contact; and in personal visits to the State or Tribe preparing the application and subsequent reports.

Currently there are 17 cooperative agreements in effect with 7 Tribes and 10 States.

Navajo Tribe, Window Rock, Arizona
Contact: Perry Shirley, 602-871-6303

Southern Ute Tribe, Ignacio, Colorado
Contact: Karen Anderson, 970-563-0140

Ute Tribe, Fort Duchesne, Utah
Contact: Donni Woods, 801-722-5141

Ute Mountain Ute Tribe, Towaoc, Colorado
Contact: Craig Canfield, 970-565-3751

Shoshone and Arapaho Tribes, Fort Washakie, Wyoming
Contact: Terance Fisher, 307-332-7835

Blackfeet Oil & Gas Audit Department, Browning, Montana
Contact: Melanie Croff, (406) 338-5545

Jacarilla Apache Tribe, Dulce, New Mexico
Contact: David Wong, (505) 759-3242

State of California Controller=s Office, Sacramento,
California
Contact: Jeff Braun, (916) 322-3381

Colorado Department of Revenue, Denver, Colorado
Contact: Dave Loomis, (303) 355-0400 Ext. 777

Louisiana Department of Natural Resources, Baton Rouge,
Louisiana
Contact: Scott Miller, (504) 342-4570

Montana Department of Revenue, Helena, Montana
Contact: Wanda Fleming, (406) 444-3573

New Mexico Taxation & Revenue Department, Santa Fe, New
Mexico
Contact: Jay Norman , (505) 827-0953

North Dakota State Auditor=s Office, Bismarck, North
Dakota
Contact: George Staigle, (701) 250-4682

Oklahoma State auditor & Inspector=s Office, Del City,
Oklahoma
Contact: Norman Dean, (405) 672-9765

Texas General Land Office, Austin, Texas
Contact: Nancy Nava, (512) 475-1483

Utah State Tax Commission, Salt Lake City Utah

Contact: Inge-Lise Goss, (801) 297-4608

Wyoming Department of Audit, Cheyenne, Wyoming
Contact: Randy Bolles, (307) 777-7547

Representatives of two Tribes, the Ute Mountain Ute, Shoshone and Arapaho, and the State of New Mexico were asked their opinions of the amount of information MMS requires in connection with cooperative agreements. The representatives indicated that the burden associated with this information collection is not excessive, and the information requested is only what they would expect to provide for this type of agreement.

9. Will payment or gifts be provided to respondents?

There will be reimbursement of some costs incurred by States and Tribes as they perform cooperative audits. The States and Tribes must submit quarterly vouchers to claim reimbursement for the cost of eligible activities.

10. What assurance of confidentiality is provided to respondents?

Commercial or financial information provided during audits under a cooperative agreement may be proprietary. All such information must be protected in accordance with the provisions of FOGRMA (30 U.S.C. 1733).

11. Does the information collected include any questions of a sensitive nature?

No questions of a sensitive nature are involved.

12. What is the estimated reporting and recordkeeping "hour" burden of the collection of information?

MMS now has cooperative agreements with 7 Indian Tribes and 10 States. Telephone conversations with representatives of the Ute Mountain Ute Tribe, the Shoshone and Arapaho Tribes, and the State of New Mexico provided the following estimates of hour burden for each year of an agreement. Participating States and Tribes must submit an annual work plan and budget requiring approximately 40 hours of preparation time. Quarterly reimbursement vouchers must also be submitted, requiring approximately 8 hours of preparation time.

Work plan and budget preparation	40 hours
Voucher preparation (4 quarters x 8 hours)	<u>32 hours</u>

Annual burden each State or Tribe

72 hours

Reporting Requirements	Frequency	Number of Respondents	Burden Hours	Annual Burden Hours
Annual work plans, vouchers preparation	Monthly Quarterly Annually	7 Tribes & 10 States	72	1,224

Total estimated burden is 1,224 hours (72 hours x 17 State/Tribes). Using \$50 per hour, we estimate that the cost of this information collection is \$61,200.

13. What is the estimated total annual reporting and recordkeeping "non-hour cost" burden of the collection of information, excluding any costs identified in Items 12 & 14?

This collection of information does not require capital and start-up costs by respondents.

14. What is the estimated annualized cost to the Federal Government?

An auditor may need six weeks to complete the review of the request, including travel to the State or Tribe to interview personnel, assist in preparing the request, and observe the facilities to be used. When the request review is completed, the request requires approval by a contracting officer. Once the application is approved, the contracting officer requires two weeks to prepare a cooperative agreement that remains in effect for three years. Using \$50 per hour, we estimate that our annual cost for reviewing and approving a request submitted by a Tribe or State is \$16,000 [320 hours (8 weeks) x \$50].

The 7 Tribes and 10 States that currently have cooperative agreements must submit quarterly reimbursement vouchers for audit work done, and annual work plans and budgets. We spend approximately 8 hours reviewing each quarterly voucher and 8 hours reviewing annual work plans and budgets. Using \$50 per hour, we estimate that our annual cost for reviewing quarterly vouchers is \$27,200 (8 hours x 4 quarters x 17 participants x \$50) and that our annual cost for reviewing annual work plans and budgets is \$6,800 (8 hours x 17 participants x \$50).

We estimate that our annualized cost, and the annualized cost to a State or Tribe entering into a cooperative agreement with us, is \$50,000 (\$16,000 + 27,200 + 6,800).

15. Are there any program changes or adjustments reported in Items 13 or 14 of the Form OMB 83-I?

There are no requested program changes or adjustments. The burden hours in OMB's inventory remain the same.

16. Are there any plans for tabulation and publication of the results of this information collection?

There are no plans for tabulation and publication of this information.

17. Is the agency seeking approval to not display the expiration date?

We are not seeking approval to not display the expiration date.

18. Are there any exceptions to the certification statement in Item 19 of Form OMB 83-I?

There are no exceptions to the certification statement in Item 19, ACertification for Paperwork Reduction Act Submissions,@ on Form OMB 83-I.

B. Collections of Information Employing Statistical Methods

We will not employ statistical methods in this information collection.